

COMMODITY MARKET OVERVIEW

- In the just ended week, prices of all commodities in our basket of tracked commodities depreciated in price except the price of Gold.
- Gold inched up by 2.17% to \$1,735.60 compared to the preceding week's price of \$1,698.80.
- WTI and Brent Crude dropped in price by 7.28% and 23.65% to \$16.94 and \$21.44 respectively to end the trading week.
- Cocoa price also edged down by 0.69% to end the week at \$2,266.85 compared to its price of \$2,282.56 in the previous week.
- On a year-to-date basis, gold improved in price by 13.95% while cocoa fell by 7.76%. WTI and Brent crude oil also decreased by 72.26% and 67.52% respectively.
- Year-on year, gold and cocoa advanced in price by 35.66% and 1.44% respectively. WTI and Brent crude oil declined by 74.29% and 71.25%.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL PRICES FALL ON OVERSUPPLY AND STORAGE CAPACITY FEARS

- Oil prices slumped on concerns over scarce storage capacity, especially in the United States, and global economic doldrums from the coronavirus pandemic.

- Oil futures marked their third straight week of losses last week, with Brent ending 24% down and WTI off about 7%. Prices have now fallen for eight of the past nine weeks.

- Oil prices remain under historic pressure from dwindling storage around the world and a lack of demand amid the coronavirus pandemic. Saudi Arabia has already accelerated its production cuts ahead of a May 1 deadline, and firms in the US have paused much of their drilling operations to curtail oversupply in market.

- The slide was after WTI contracts for May delivery plummeted to negative prices for the first time ever on April 20. Traders were forced to pay others to get contracts off their hands, desperately trying to offload the unwanted inventory.

- We therefore expect oil prices to rebound as the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, a group known as OPEC+, this month pledged to cut output by an unprecedented 9.7 million barrels per day in May and June.

GOLD

GOLD HEADS FOR WEEKLY GAIN AS GROWTH FEARS BOOSTS DEMAND

- Gold edged higher on Friday and was on track for a strong weekly rise, driven by central bank stimulus measures and investor appetite for a safe haven as fears mount over the economic damage caused by the novel coronavirus.

- More than 2.7 million people have been reported to be infected by the virus globally. Central banks have adopted massive monetary measures to limit the economic damage as most countries extend lockdowns to curtail its spread.

- The U.S. House of Representatives overwhelmingly approved a \$484 billion coronavirus relief bill, while European Union leaders approved an immediate rescue package of about 500 billion euros.

- Gold tends to benefit from widespread stimulus measures from central banks because it is widely viewed as a hedge against inflation and currency debasement.

- We therefore expect the price of gold to remain elevated in the coming week.

COCOA

COCOA PRICES CLOSE LOWER ON CONTINUED CONCERN ABOUT CHOCOLATE DEMAND

- Cocoa prices on Friday closed lower on demand concerns. With large segments of the world under stay-at-home orders from the pandemic, there is concern that chocolate demand will suffer as cash-strapped consumers stay away from stores and limit their discretionary spending.

- Cocoa prices rallied in the course of the week under review, with NY cocoa on Wednesday posting a 2-week high and London cocoa posting a 6-week high.

- However, cocoa demand was weak in North America and Asia. Last Friday's data from the Cocoa Association of Asia showed that Asian Q1 cocoa grindings fell by -0.5% y/y to 207,356 MT. The National Confectioners Association on Monday (20/04/2020) reported that North American Q1 cocoa grindings fell -5.1% y/y to 115,591 MT.

- The Ivory Coast government on Monday reported that Ivory Coast farmers sent 22,602 MT of cocoa to ports during April 13-19, down -43.3% from a year earlier. We therefore expect sundry movement in the price of cocoa in the weeks ahead due to demand pressures.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,711.20	1,735.60	1,698.80	2.17
Cocoa ICCO	USD/ton	2,276.21	2,266.85	2,282.56	(0.69)
WTI Crude	USD/bbl	-37.63	16.94	18.27	(7.28)
Brent Crude	USD/bbl	25.57	21.44	28.08	(23.65)

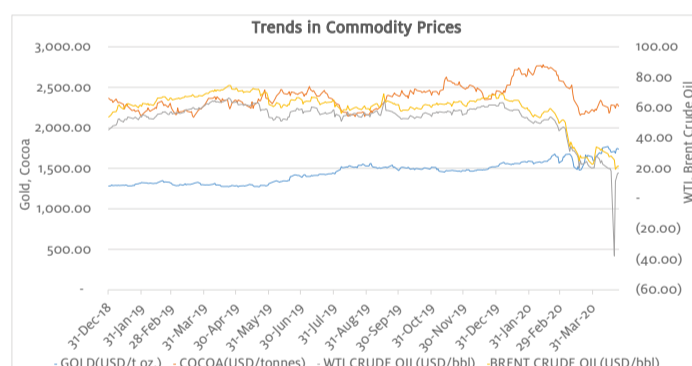
Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,745.40	1,687.80	13.95	35.66
Cocoa ICCO	2,292.88	2,242.92	(7.76)	1.44
WTI Crude Oil	16.94	-37.63	(72.26)	(74.29)
Brent Crude	25.57	19.33	(67.52)	(71.25)

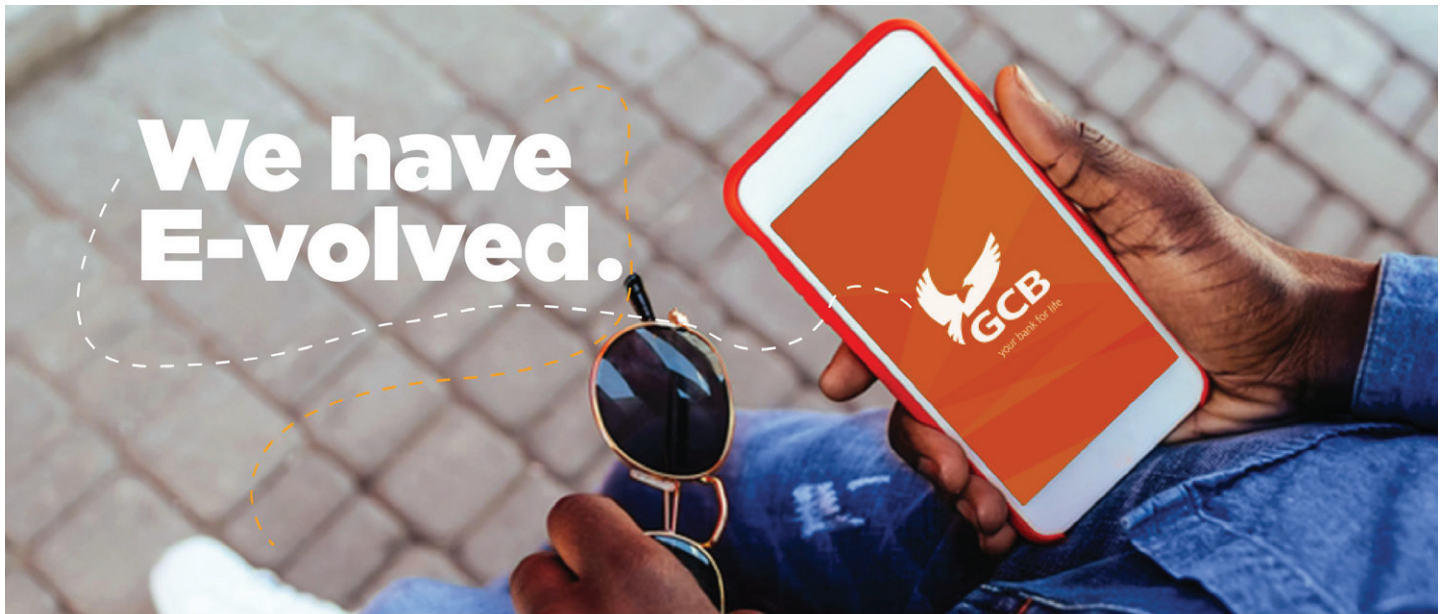
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

Date Issued | 27th April, 2020



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